

AMENDED IN ASSEMBLY APRIL 4, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 898

Introduced by Assembly Member Frazier

February 16, 2017

An act to add Article 3.5 (commencing with Section 97.90) to Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL’S DIGEST

AB 898, as amended, Frazier. Property taxation: revenue-allocation: ~~fire protection services~~. allocations: *East Contra Costa Fire Protection District*.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction’s portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to

the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education. Existing property tax law prohibits these reductions and transfers from being made with respect to certain special districts, including multicounty special districts, as provided.

This bill, for the 2018–19 fiscal year and for each fiscal year thereafter, would require the auditor of the County of Contra Costa to allocate those ad valorem property tax revenues that would otherwise be allocated to the county's Educational Revenue Augmentation Fund from the East Bay Regional Park District, if the East Bay Regional Park District was not a multicounty special district, to the East Contra Costa Fire Protection District. The bill would limit the amount allocated to the East Contra Costa Fire Protection District pursuant to these provisions to \$10,500,000 per fiscal year.

By imposing new duties upon local government officials in the allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Contra Costa.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

By reallocating ad valorem property tax revenue from the East Contra Costa Fire Protection District to the East Bay Regional Park District, this bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures. Existing law generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the

annual tax increment, as defined. Existing law provides for the computation, on the basis of these allocations, of apportionment factors that are applied to actual property tax revenues in each county in order to determine actual amounts of property tax revenue received by each recipient jurisdiction. The California Constitution requires that a statute that changes for any fiscal year the pro rata shares of ad valorem property tax revenues that are allocated among local agencies in a county be approved by a $\frac{2}{3}$ vote of each house of the Legislature.

This bill would state the intent of the Legislature to enact legislation that would reallocate property tax revenue to fire protection services.

Vote: majority $\frac{2}{3}$. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 3.5 (commencing with Section 97.90) is
2 added to Chapter 6 of Part 0.5 of Division 1 of the Revenue and
3 Taxation Code, to read:

4
5 Article 3.5. Revenue Allocation Shifts for the East Contra Costa
6 Fire Protection District

7
8 97.90. Notwithstanding any other law, subject to Section 97.91,
9 for the 2018–19 fiscal year and for each fiscal year thereafter, the
10 auditor of the County of Contra Costa shall allocate those ad
11 valorem property tax revenues that would otherwise be allocated
12 to the county’s Educational Revenue Augmentation Fund from the
13 East Bay Regional Park District if the East Bay Regional Park
14 District was not a multicounty special district for purposes of
15 subdivision (c) of Section 97.2 and subdivision (c) of Section 97.3
16 to the East Contra Costa Fire Protection District.

17 97.91. The amount of ad valorem property tax revenues
18 allocated to the East Contra Costa Fire Protection District
19 pursuant to this article shall not exceed ten million five hundred
20 thousand dollars (\$10,500,000) per fiscal year.

21 SEC. 2. The Legislature finds and declares that a special statute
22 is necessary and that a general statute cannot be made applicable
23 within the meaning of Section 16 of Article IV of the California
24 Constitution because of the unique fiscal pressures being

1 *encountered by the East Contra Costa Fire Protection District in*
2 *providing vital fire protection services.*

3 *SEC. 3. If the Commission on State Mandates determines that*
4 *this act contains costs mandated by the state, reimbursement to*
5 *local agencies and school districts for those costs shall be made*
6 *pursuant to Part 7 (commencing with Section 17500) of Division*
7 *4 of Title 2 of the Government Code.*

8 ~~SECTION 1. It is the intent of the Legislature to enact~~
9 ~~legislation that would reallocate property tax revenue to fire~~
10 ~~protection services.~~